GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:595
ANSWERED ON:17.07.2002
TELECOM REGULATORY AUTHORITY OF INDIA
RAMSHETH THAKUR

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Telecom Regulatory Authority of India has planned to allow companies to offer discounts to high users;

(b) if so, the details thereof;

(c) whether there is any proposal to abolish monthly rent system and to introduce call charge system; and

(d) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI S MAHAJAN)

(a) & (b): The Telecom. Regulatory Authority of India (TRAI) has recently issued guidelines to all Basic Service Operators (BSOs) or offering volume discounts. Volume discounts are permitted subject to the following conditions:

(i) The discount will be allowed only on billed amount of Rs. 500/- and above, excluding monthly rentals;

(ii) All schemes of volume discount must be available to all customers within the entire service area of BSOs, i.e., a Telecom. Circle.

(c) & (d): As per the TRAI Act, 1997, as amended by TRAI (Amendment) Act, 2000, the power of fixing tariffs for telecom services is mandated to the TRAI only.As reported by TRAI, there is no proposal to abolish the system of monthly rent and introduce only a call charge system. The reasons are that, for providing telephone connections to individual subscribers, there is a fixed cost to the service provider. This cost should be borne by the subscribers irrespective of whether they make calls or not. If the rent is replaced by only call charges, the telephones will become free for those subscribers who do not make calls. The recoveries will thus be less than the minimum cost incurred by the service provider in the case of low-calling subscribers.